

Message Text

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44

ACTION EUR-12

INFO OCT-01 ISO-00 SWF-01 AID-05 CEA-01 CIAE-00 COME-00

EB-04 FRB-01 INR-05 NSAE-00 RSC-01 CIEP-01 SP-02

STR-01 TRSE-00 LAB-01 SIL-01 SAM-01 OMB-01 AGR-05

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC 5729

INFO USMISSION EC BRUSSELS

AMEMBASSY BRUSSELS

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PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR

SUBJECT: HIGHER PRICE FOR NEW ZEALAND DAIRY PRODUCTS TO
THE EC.

1. WE LEARN FROM A MEMBER OF THE NEW ZEALAND HIGH
COMMISSION THAT THE EC COUNCIL OF MINISTERS IS EXPECTED
TO APPROVE A 19 PERCENT INCREASE IN THE PRICE OF BOTH
NEW ZEALAND CHEESE AND BUTTER AT THE NEXT COUNCIL
MEETING. REPORTEDLY, AN IMPLEMENTATION DATE OF
NOVEMBER 1 HAS BEEN REQUESTED. HOWEVER, SEVERAL MEMBERS
ARE EXPECTED TO OPPOSE THE NOVEMBER 1 DATE AND GIVE
THEIR APPROVAL FOR THE INCREASE TO BE EFFECTIVE JANUARY
1 1975.

2. AN INCREASE OF 31 PERCENT WAS REQUESTED BY NEW
ZEALAND SUPPOSEDLY TO COMPENSATE FOR HIGHER PRODUCTION
AND TRANSPORTATION COSTS WHICH HAVE OCCURRED DURING THE
PAST YEAR. INDICATIONS ARE THAT PROVISIONS PROVIDED
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UNDER BRITAIN'S MEMBERSHIP TERMS WERE INSUFFICIENT TO

ADEQUATELY COVER THESE INCREASED COSTS. THE COMMISSION APPARENTLY HAD REPORTED AN INCREASE OF 18 PERCENT JUSTIFIABLE.

3. THE NEW PRICE RISE OF 19 PERCENT, IF ACCEPTED BY MEMBER GOVERNMENTS, IS REPORTEDLY SUBSTANTIALLY BELOW THE FIGURE REQUESTED BY NEW ZEALAND AND MAY BE INSUFFICIENT TO ENCOURAGE DAIRY FARMERS TO SEND MORE OF THEIR PRODUCTS TO THE UK.

4. IF APPROVED, THESE HIGHER PRICES SUPPOSEDLY WILL NOT BE PASSED ONTO THE CONSUMER. INSTEAD, MONEY WILL COME FROM TAXES WHICH BRITISH IMPORTERS HAVE TO PAY ON NEW ZEALAND BUTTER AND CHEESE TO BRING PRICES TO PREVAILING EC LEVELS. THUS, UK LEVIES FOR THESE PRODUCTS WILL BE CUT BY THE EQUIVALENT OF 19 PERCENT.

SPIERS

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Disposition Date: 28 MAY 2004
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Disposition History: n/a
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